



May 2003

## California News

### **Reminder: DCP Sign Up deadline is June 2**

Sign up for the Direct and Counter-Cyclical Program will end June 2, 2003. Applications may be accepted after June 2 (and before Sept. 30, 2003), but it will cost you a \$100/farm late-filed sign-up fee.

Direct and counter-cyclical payments are made to producers with established crop bases and payment yields.

Producers are also eligible for counter-cyclical payments, but these payments are issued only if effective prices are less than the target prices set in the farm bill.

If you have not already signed up, call or come in to the office as soon as possible!

### **CRP sign up announced**

The new Conservation Reserve Program sign up has been announced -- it will run from May 5 through June 13, 2003. This is the first CRP sign up under the 2002 Farm Bill which authorized FSA to maintain CRP enrollment up to 39.2 million acres.

Producers with contracts expiring this fall can make new contract offers. You can offer all or part of the acreage you currently have under contract that is scheduled to expire on Sept. 30, 2003, or Sept. 30, 2004.

Contracts awarded under this sign-up will become effective either at the beginning of the next fiscal year, Oct. 1, 2003, or the following year, Oct. 1, 2004, whichever you choose..

FSA will evaluate and rank eligible CRP offers using the Environmental Benefits Index (EBI) for the environmental benefits gained

from enrolling the land in CRP. Decisions on the EBI cutoff will be made after the sign-up ends, and after analyzing the EBI numbers of all the offers.

To be eligible for CRP enrollment, a producer must have owned or operated the land for at least 12 months before the close of the CRP sign-up period, unless:

- The new owner acquired the land due to the previous owner's death;
- The ownership change occurred due to foreclosure where the owner exercised a timely right or redemption in accordance with state law; or
- The circumstances of the acquisition present adequate assurance to FSA that the new owner did not acquire the land for the purpose of placing it in CRP.

In addition, to the new general sign-up in May, CRP's continuous sign-up program will still be available. FSA has reserved two million acres for the continuous sign-up program, which represents the most environmentally desirable and sensitive land.

### **Crop Disaster Program begins**

The new Crop Disaster program will begin June 6, 2003. Authorized by the Agricultural Assistance Act of 2003, the crop disaster assistance program. will reimburse producers for qualifying crop losses in either 2001 or 2002, but not both.

Crop disaster payments will be calculated using the same formula used for the 2000 crop year. This means crop losses for 2001 and 2002 will be valued using the price election for Actual Production History crop insurance policies, or if that price is not available, a 5-

year average. Crop disaster payments are also subject to a formula which states that the sum of (1) the value of the crop not lost, (2) the disaster payment, and (3) the crop-insurance indemnity cannot exceed 95 percent of what the crop's value would have been, if there had been no loss.

*Note: Applicants are only eligible if their qualifying gross revenue doesn't exceed \$2.5 million.*

### **Livestock Conservation Program**

Signup for the Livestock Compensation Program (LCP) ends in early June 2003. We don't have the exact date yet.

Owners or those who lease eligible livestock must certify the number and type of livestock owned or leased as of *June 1, 2002*. The animals must have been owned for 90 days or more and must fall within the 90-day ownership period. FSA will pay \$31.50 for adult dairy cows and bulls; \$18 per head for adult beef cows and bulls; \$13.50 per head for non-mature heifers, steers and bulls weighing over 500 pounds; \$18.00 per head for adult buffalo and beefalo; and \$4.50 per head for sheep and goats.

Livestock producers who were not eligible for last year's Livestock Compensation Program -- or missed the application cutoff date -- may have another opportunity to participate as the program was extended by the Agricultural Assistance Act of 2003.

Producers who were eligible for LCP but did not file an application by the Dec. 13, 2002, deadline also have an opportunity to apply.

The 2002 program, announced last October, was limited to livestock producers headquartered in a county designated by the secretary of agriculture as a primary disaster county between Jan. 1, 2001, and Sept. 19, 2002. LCP-II makes eligible any counties that were requested as primary disaster areas under a presidential or secretarial declaration by Feb. 20, 2003, and that were subsequently approved. Counties named as contiguous counties are not eligible for the program.

Producers participating in LCP-II are subject to a \$2.5 million gross revenue limitation. Payments are limited to \$40,000 per person. Livestock covered under LCP-I are not eligible for LCP-II.

### **New LCP-2 Counties eligible**

These counties have just been added to the LCP-2 program: Yuba, Sacramento, Alpine, Amador, Placer, El Dorado, and Sutter. If you had livestock in these counties, file an application right away to be eligible for this program.

### **MILC Start Month**

Dairy farmers who elected to pick a month to begin receiving their MILC payment, instead of beginning with October, are reminded that they must designate a start month.

For instance, if you want to begin receiving MILC in June, you must make the selection in the office before May 15th. The month designated cannot be a month that:

- Has already begun
- Has already passed
- No milk was produced by the dairy operation

If you don't designate a month, you won't receive a payment for this fiscal year.

### **Selected Interest Rates for May 2003**

90-Day Treasury Bill	1.125 %
Farm Operating - Direct	3.25 %
Farm Ownership - Direct	5.375 %
Emergency	3.75 %
Limited Resource	5.00 %

### **Rural Youth Loans**

FSA offers kids a chance to start a business by funding low-interest loans to youths between the ages of 10 and 20 to help them develop a business venture.

Youth loans can provide up to \$5,000 to purchase livestock, equipment, supplies, and

to buy rent or repair needed tools. Common projects include: livestock and crop production

#### To be eligible:

- Projects must be carried out by youths participating in 4-H, FFA, or similar organizations.
- A project advisor, such as a 4-H club advisor, Vocational teacher, Cooperative Extension agent, etc, must recommend the youth's project and provide adequate supervision.
- In most cases, a co-signor is not required.
- The project must generate enough income to meet expenses and repay the loan.

Applicants should look at this opportunity as a way to start their own business and learn how to handle credit responsibly.

#### EQIP Payments

Payment limitations for the Environmental Quality Incentives Program (EQIP) have changed starting with the 2002 contract year. An individual or entity may not receive cost-share or incentive payments in the aggregate that exceed \$450,000 for all contracts entered into from 2002-2007. Starting with 2003 contracts, farmers must also comply with adjusted gross income rules.



#### Dates to Remember

Today	Report changes to farming operation.
May 5	Conservation Reserve Program sign up begins
May 16	Deadline to sign and return CCC-515, Base & Yield Selection
June 13	NEW Deadline for Conservation Reserve Program sign up
Early June	LCP2 deadline
June 2	Sign up deadline with no late fee for the Direct and Counter Cyclical Program
June 6	Crop Disaster Program sign up begins
Ongoing	MILC Program sign up
Ongoing	Continuous CRP
Ongoing	Farm Storage Facility Loans

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